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THIS INSTRUMENT WAS PREPARED BY
AND AFTER RECORDING RETURN TO:
Richard B. Muller, Esq.
Illinois Housing Development Authority
401 N. Michigan Ave.



96132527

Sub 700
Chicago, Illinois 60611

ILLINOIS HOUSING DEVELOPMENT AUTHORITY LOW INCOME HOUSING TAX CREDIT EXTENDED USE AGREEMENT COVER SHEET

Project Summary

Date: August 25, 1995

Project Owner - Legal Name: COURTS OF CICERO II L.P.
Project Owner - Legal Address: 3423 S. LOMBARD
CICERO, IL 60650

Project Name: COURTS OF CICERO II & III
Project Address: 1638 S. 51ST AVENUE
1801 S. 50TH AVENUE
5700 W. 35TH STREET
5741 W. 35TH STREET
CICERO, IL 60650

DEPT-01 RECORDING \$41.50
T45555 TRAN 7967 02/21/96 10:07:00
#5821 + JJ *-96-132527
COOK COUNTY RECORDER

IHDA No.: TC-888-95
Project Unit Count: 54
Minimum Low Income Election: 40% or more at 60% of Median Income
Compliance Period: 15 years
Permanent Index Tax Identification Number(s):
(To be completed by Owner)

Parcel #1 16-32-404-003-0000
16-32-404-004-0000
16-32-404-005-0000

Parcel #2 16-32-28-054-0000
16-32-218-035-0000

Parcel #3 16-21-401-03-0000

Parcel #4 16-32-412-001-0000

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EXTENDED USE AGREEMENT

This Extended Use Agreement (the "Agreement") is entered into on the date set forth in the Project Summary (the "Project Summary"), by and between the Illinois Housing Development Authority, a body politic and corporate established pursuant to the Illinois Housing Development Act, ILCS 3805/1 et seq. (1992), as amended and supplemented (the "Act"), with its principal offices located at 401 N. Michigan Avenue, Suite 900, Chicago, Illinois 60611 (the "Authority"), and the project owner Courts of Cicero II L.P. (the "Owner") with its principal offices located at the office referred to in the Project Summary below. In consideration of the mutual promises set forth below, and other good and valuable consideration, the Owner and Authority agree as follows:

A. Recitals.

(1) The Owner is or will be the owner of a Illinois housing development erected, or to be erected, on real estate with the common address set forth in the Project Summary, and legally described on Exhibit A attached hereto and by this reference made a part hereof, known as Courts of Cicero II & III (the "Project").

(2) The Authority has been designated by law as the housing credit agency for the State of Illinois for the allocation of low-income housing tax credit dollars (the "Tax Credit Dollars").

(3) The Owner has applied to the Authority for an allocation of Tax Credit Dollars in connection with the Project, and has represented to the Authority in its Low-Income Housing Tax Credit Application (the "Application") that it will lease at least the percentage of units in the Project set forth in the Project Summary (the "Low-Income Units") to individuals or families whose income is less than or equal to the percentage of the area median gross income (including adjustments for family size) set forth in the Project Summary, as determined in accordance with Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder (the "Regulations") (Section 42 of the Code is referred to herein as "Section 42").

(4) As a condition precedent to the allocation of Tax Credit Dollars, the Owner must enter into an extended low-income housing commitment, as provided in Section 42, to be recorded in the Office of the Recorder of Deeds in the county in which the Project is located.

B. Representations and Warranties of Owner.

The Owner makes the following representations and warranties to induce the Authority to enter into this Agreement.

(1) [If a limited partnership]. The Owner (i) is a limited partnership duly organized under the laws of the state in which the partnership was formed, and is qualified to transact business under the laws of that state and the State of Illinois, (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted (and as now contemplated by this Agreement) and (iii) has the full legal right, power and authority to execute and deliver this Agreement and to perform all the undertakings of the Owner hereunder.

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(2) The execution and performance of this Agreement by the Owner (a) will not violate or, as applicable, have not violated, any provision of law, rule or regulation, or any order of any court or other agency or governmental body; (b) will not violate or, as applicable, have not violated, any provision of any indenture, agreement, mortgage, mortgage note or other instrument to which the Owner is a party or by which it or the Project is bound; and (c) will not result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature.

(3) The Owner has, as of the date of execution and delivery of this Agreement, good and marketable title to the real estate legally described in Exhibit A.

(4) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of the Owner, threatened against or affecting it, or any of its properties or rights, which, if adversely determined, would materially impair its right to carry on business substantially as now conducted (and as now contemplated by this Agreement), or would materially adversely affect its financial condition.

(5) The Project constitutes or will constitute a qualified low-income building or qualified low-income project, as applicable, as defined in Section 42 and the Regulations (the "Qualified Low Income Project").

(6) Each unit in the Project contains, or will contain, complete facilities for living, sleeping, eating, cooking and sanitation, which are to be used on other than a transient basis (unless the Project qualifies as a single-room occupancy project or transitional housing for the homeless).

(7) During the term of this Agreement, all Low-Income Units shall be leased and rented or made available to members of the general public who qualify as Qualifying Tenants, as defined in Section C below (or otherwise qualify for occupancy of the Low-Income Units).

(8) Upon completion of the rehabilitation or construction of the Project, and during the remainder of the term of this Agreement, the Owner represents, warrants and agrees that each Low-Income Unit will be and will remain suitable for occupancy.

(9) Upon the completion of the rehabilitation or construction of the Project, the Owner will not demolish any part of the Project, or substantially subtract from any real or personal property of the Project or permit the use of any residential rental unit for any purpose other than rental housing during the term of this Agreement, unless required by law.

(10) The Owner represents, warrants and agrees that if the Project, or any part of it, is damaged or destroyed or is condemned or required for public use, the Owner will use its best efforts to repair and restore the Project to substantially the same condition as existed prior to the event causing such damage or destruction, or to relieve the condemnation, and thereafter to operate the Project in accordance with the terms of this Agreement.

(11) The Owner represents and warrants that it has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

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C. Occupancy Restrictions.

(1) At least the percentage of residential units in the Project set forth in the Project Summary as rent-restricted shall be both rent-restricted and occupied (or treated as occupied as provided herein) by individuals or families whose income is less than or equal to the percentage of area median gross income (including adjustments for family size) set forth in the Project Summary, as determined in accordance with Section 42 and the Regulations. Individuals or families meeting this requirement shall be referred to herein as a "Qualifying Tenant" or "Qualifying Tenants". The Owner shall make the determination of whether an individual or family is a Qualifying Tenant at least annually on the basis of the current income of such Qualifying Tenant(s). Any unit occupied by an individual or family who is a Qualifying Tenant at the commencement of occupancy shall continue to be treated as if occupied by a Qualifying Tenant; provided that should such Qualifying Tenant's income subsequently exceed one hundred forty percent (140%) of the applicable income limit, such tenant shall no longer be a Qualifying Tenant if, after such determination of income, but prior to the next determination, any residential unit of comparable or smaller size is rented to a tenant who is not a Qualifying Tenant. If a tenant ceases to be a Qualifying Tenant, the Owner shall take such steps as may be necessary to ensure that the Project meets the minimum occupancy restriction requirements for a Qualified Low-Income Project. The occupancy restriction set forth in this Section C.1 are hereinafter referred to as the "Occupancy Restrictions".

(2) The Owner shall require each individual or family that is intended to be a Qualifying Tenant to sign and deliver an income certification form prior to occupancy of a Low-Income Unit in the Project, and to sign and deliver such an income certification form at least annually so long as such individual or family remains a tenant in the Project. The Owner shall retain the income certification forms for all Qualifying Tenants for a period of five (5) years, or such other period as may be specified in Section 42 and/or the Regulations.

D. Term of Restrictions.

(1) Compliance Period. Except as provided in Sections D(2), D(3) and D(4) below, the term of the Occupancy Restrictions shall (i) commence on the day on which the first year of the "credit period" begins, as that term is defined in Section 42(f), and (ii) end on the later of the date which is the last day of the compliance period, as that term is defined in Section 42(i)(1) or the date set forth in the Project Summary ("the Compliance Period").

(2) Involuntary Non-Compliance. This Agreement and the Occupancy Restrictions shall cease to apply in the event of an involuntary noncompliance caused by unforeseen events such as fire, seizure, requisition, a change in Federal law or an action of a Federal agency after the date of final allocation of Tax Credit Dollars to the Project that prevents the Authority from enforcing the requirements of this Agreement, or condemnation; provided that if insurance proceeds, condemnation awards or other amounts received as a result of such loss or destruction are used to restore the Project, the Occupancy Restrictions shall continue to apply.

(3) Foreclosure. The occupancy restrictions set forth in Paragraph 1 above shall cease to apply in the event of a foreclosure, transfer of title by deed in lieu of foreclosure or similar event, unless (a) at any time subsequent to such event, and during the period set forth in subsection (1) of this Section D, the Owner or a related person (as defined in the Code) obtains an ownership interest in the Project for Federal tax purposes, or (b) the Internal Revenue Service determines that such foreclosure, transfer of title by deed-in-lieu of foreclosure or similar event has occurred pursuant to an arrangement between the Owner and any lender(s), a purpose of which is to terminate the Occupancy Restrictions.

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(4) Extended Use Period. The Owner shall comply with the requirements of Section 42 and the Regulations for an additional 13 years after the end of the Compliance Period (the "Extended Use Period"). Such Extended Use Period for any building that is part of this Project shall, however, terminate either:

- (a) On the date the building is acquired by foreclosure or instrument in lieu of foreclosure, subject to the foreclosure exceptions in Section D(3) above; or
- (b) After the fourteenth (14th) year of the Compliance Period, on the last day of the one year period beginning on the date the Owner submits a written request to the Authority to find a person to acquire the Owner's interest in the low-income portion of any building that is part of the Project, and the Authority is unable to present to the Owner a "qualified contract", as defined in Section 42, for the acquisition of such low-income portion of the Project by any person or entity that will continue to operate such low-income portion of the Project as a Qualified Low-Income Project.

The rental requirements of Section 42 shall continue for a period of three years in the event of a termination of the extended use requirement pursuant to the procedures specified in this subsection D(4). During such three-year period, the Owner shall not evict, or terminate the tenancy of, an existing Qualifying Tenant of any Low-Income Unit other than for good cause, and shall not increase the gross rent above the maximum allowed under Section 42 with respect to such Low-Income Unit.

E. Records and Enforcement.

(1) During normal business hours and upon reasonable notice, the Owner shall permit any duly authorized representative of the Authority to inspect all books and records of the Owner regarding the Project in connection with the Occupancy Restrictions.

(2) The Owner and the Authority each acknowledges that the primary purpose for requiring that the Owner comply with the Occupancy Restrictions is to assure that the Owner and the Project are in compliance with Section 42 and the Regulations, AND FOR THAT REASON THE OWNER, IN CONSIDERATION FOR RECEIVING TAX CREDIT DOLLARS FOR THE PROJECT, AGREES AND CONSENTS THAT THE AUTHORITY AND ANY QUALIFYING TENANT (WHETHER PROSPECTIVE, PRESENT OR FORMER), SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE OWNER OF ITS OBLIGATIONS UNDER THIS AGREEMENT IN A STATE COURT OF COMPETENT JURISDICTION. The Owner further specifically acknowledges that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder.

(3) The Owner agrees that the representations and covenants set forth in this Agreement may be relied upon by the Authority and all persons interested in the compliance of the Project with the provisions of Section 42 and the Regulations.

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(4) The Owner agrees that it will (i) take any and all actions reasonably necessary and required by the Authority to substantiate the Owner's compliance with the Occupancy Restrictions and (ii) to allow the Authority to monitor such compliance, and will pay a reasonable fee to the Authority for the monitoring activities performed by the Authority.

F. Transfer Restrictions.

The Owner agrees to notify the Authority in writing of any sale, transfer or exchange of the entire Project, or any low-income portion of the Project. The Owner agrees that (i) it will cause or require, as a condition precedent to any conveyance, transfer, assignment or any other disposition of the Project prior to the termination of the rental restrictions and Occupancy Restrictions (the "Transfer"); (ii) it shall not dispose of any portion of a building in the Project unless the individual or entity that acquires such portion also acquires the entire building in which such portion is located; and (iii) the transferee of the Project pursuant to the Transfer shall assume in writing, in a form acceptable to the Authority, this Agreement and all duties and obligations of the Owner under this Agreement, Section 42 and the Regulations. The Owner shall have such assumption agreement recorded in the Office of the Recorder of Deeds in the county in which the Project is located and deliver a copy of such recorded assumption agreement, certified by the Recorder of Deeds, to the Authority prior to the Transfer. The Owner agrees that the Authority may void any sale, transfer or exchange of the Project if the buyer or successor or other person fails to assume in writing the requirements of this Agreement, Section 42 and the Regulations.

G. Tenant Selection.

The Owner shall not, in the selection of qualifying tenants (as previously defined in Section C), in the provision of services or in any other matter relating to the construction, rehabilitation or operation of the Project, discriminate against any person on the basis of race, creed, religion, color, sex, age, handicap, marital status, family status, national origin or unfavorable military discharge, or because the tenant is receiving governmental assistance, which includes, but is not limited to, vouchers or holders of certificates of eligibility under Section 8 of the United States Housing Act of 1937.

H. Covenants Run With the Land; Successors Bound.

(1) Upon execution and delivery of the Agreement by the Owner, the Owner shall cause this Agreement and all amendments hereto to be recorded and filed in the Office of the Recorder of Deeds of the county in which the Project is located, and shall pay all fees and charges incurred in connection therewith. Upon recording, the Owner shall immediately transmit to the Authority an executed original of the recorded Agreement showing the date and recording number of record. The Owner agrees that the Authority shall not be required to issue Internal Revenue Service Form 8609 for the building(s) constituting the Project, constituting final allocation of the Tax Credit Dollars, unless and until the Authority has received the recorded executed original of the Agreement.

(2) The Owner intends, declares and covenants, on behalf of itself and all future Owners and operators of the Project during the term of this Agreement, that this Agreement and the covenants and restrictions set forth herein regulating and restricting the use, occupancy and transfer of the Project (i) shall be and are covenants running with the Project, encumbering the Project for the term of this Agreement, and binding upon the Owner's successors in title and all subsequent Owners and operators of the Project; (ii) are not merely personal covenants of the Owner; and (iii) shall bind the Owner (and the benefits shall inure to the Authority and any past, present or prospective Qualifying Tenant) and its

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respective successors and assigns during the term of this Agreement. For the longer of the period the Tax Credit Dollars are claimed and the term of this Agreement, each and every contract, deed or other instrument hereafter executed conveying the Project, or portion of it, shall expressly provide that such conveyance is subject to this Agreement; provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Project, or portion of it, provides that such conveyance is subject to this Agreement.

I. Interpretation.

Any terms not defined in this Agreement shall have the same meaning as terms defined in Section 42 and the Regulations. In the event of any conflict between this Agreement and Section 42 and the Regulations, Section 42 and the Regulations shall control.

J. Amendment.

This Agreement may only be amended with the prior written approval of the Authority to reflect changes in the Act, Section 42 and/or the Regulations and any revenue ruling promulgated thereunder. The Owner expressly agrees to enter into all amendments to this Agreement that, in the opinion of counsel to the Authority, are reasonably necessary or desirable for maintaining the compliance of the project under Section 42 and the Regulations.

K. Severability.

The invalidity of any clause, part or provision of this Agreement shall not affect the validity of its remaining portions.

L. Notices.

Any notice, demand, request or other communication that any party may desire or may be required to give to any other party hereunder shall be given in writing (at the addresses set forth below) by any of the following means: (a) personal service; (b) registered or certified United States mail, postage prepaid, return receipt requested or (c) overnight courier.

Authority: Illinois Housing Development Authority
401 N. Michigan, Suite 900
Chicago, Illinois 60611
Attn: Legal Department

Owner: The address set forth in the Project Summary

Such addresses may be changed by notice to the other parties given in the same manner as herein provided. Any notice, demand, request or other communication sent pursuant to subsection (a) shall be served and effective upon such personal service. Any notice, demand, request or other communication sent pursuant to subsection (b) shall be served and effective upon proper deposit with the United States Postal Service. Any notice, demand, request or other communication sent pursuant to subsection (c) shall be served and effective upon deposit with the overnight courier.

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M. Governing Law.

This Agreement shall be governed by the internal laws of the State of Illinois and, where applicable, the laws of the United States of America.

N. Project Decertification.

Notwithstanding anything in this Agreement to the contrary, if the Owner fails to comply fully with Section 42, the covenants and agreements contained herein or with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury, the Internal Revenue Service or the Authority, from time to time, pertaining to the obligations of the Owner, the Authority may, and in addition to all of the remedies provided by law or in equity, request the Internal Revenue Service to decertify the Project for Tax Credit Dollars and to immediately commence recapture of the Tax Credit Dollars previously allocated to the Project.

O. Survival of Obligations.

The obligations of the Owner as set forth herein and in the Application shall survive the allocation of the Tax Credit Dollars, and shall not be deemed to terminate or merge with the awarding of such allocation.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives, as of the day and year set forth in the Project Summary.

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: _____

Edward Solan
Edward Solan
Manager
Multifamily Program Operations

COURTS OF CICERO II, L.P.

Project Owner - Legal Name

By: Environmental Development, Inc.

Its: General Partner

By: Larry Posanka
Larry Posanka

Its: President

and

By: Westtowns Neighborhood Economic Development Corp.

Its: General Partner

By: _____

David Villalobos
David Villalobos

Its: President

Attested by:

(only if owner is a corporation)

Its: _____

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EXHIBIT A LEGAL DESCRIPTION

PARCEL 1:

LOTS 3, 4 AND 5 IN BLOCK 12 IN FOURTH ADDITION TO BOULEVARD MANOR, BEING A SUBDIVISION OF THE EAST 1/2 OF THE SOUTH EAST 1/4 AND THAT PART OF THE EAST 1/2 OF THE NORTHEAST 1/4 LYING SOUTH OF THE CENTER LINE OF PARK AVENUE OF SECTION 32, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

STREET ADDRESS: 5741 West 35th Street, Cicero, Illinois

P.I.N.: 16-32-404-003-0000
16-32-404-004-0000
16-32-404-005-0000

PARCEL 2:

LOTS 14 AND 15 IN BLOCK 6 IN FOURTH ADDITION TO BOULEVARD MANOR, BEING A SUBDIVISION OF THE EAST 1/2 OF THE SOUTHEAST 1/4 AND THAT PART OF THE EAST 1/2 OF THE NORTHEAST 1/4 LYING SOUTH OF THE CENTER LINE OF PARK AVENUE OF SECTION 32, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

STREET ADDRESS: 5700 West 35th Street, Cicero, Illinois

P.I.N.: 16-32-218-034-0000
16-32-218-035-0000

PARCEL 3:

LOTS 19 AND 20 IN BLOCK 7 IN PARKHOLME, A SUBDIVISION OF BLOCK 14 IN GRANT LAND ASSOCIATION RESUBDIVISION OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

STREET ADDRESS: 1638 South 51st Avenue, Cicero, Illinois

P.I.N.: 16-21-401-03-0000

PARCEL 4:

LOTS 39 AND 40 IN BLOCK 13 IN PARKHOLME, A SUBDIVISION OF BLOCK 14 IN GRANT LAND ASSOCIATION RESUBDIVISION OF SECTION 21, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

STREET ADDRESS: 1801 South 50th Avenue, Cicero, Illinois

P.I.N.: 16-21-412-001-0000

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